



## **COMMUNITY DEVELOPMENT COMMISSION**

### **County of Los Angeles**

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**Gloria Molina**  
**Yvonne Brathwaite Burke**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
*Commissioners*

**Carlos Jackson**

*Executive Director*

June 29, 2004

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE RESOLUTIONS TO MERGE AND AMEND THE HOUSING  
AUTHORITY AND COMMUNITY DEVELOPMENT COMMISSION PENSION  
PLANS (ALL DISTRICTS)  
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE  
COMMUNITY DEVELOPMENT COMMISSION:**

1. Recognize the nine employees of the Housing Authority as employees of the Community Development Commission, effective June 30, 2004; and adopt and instruct the Chairman to sign a Resolution authorizing the merger of the California Public Employees' Retirement System (CalPERS) pension plan of the Housing Authority with the CalPERS pension plan of the Community Development Commission, effective July 1, 2004.

2. Instruct the Chairman to sign, upon presentation, a Resolution of Intention and a Final Resolution to merge the CalPERS pension plans of the Commission and Housing Authority, and increase from \$500 to \$5,000 the lump-sum retiree death benefit awarded to the beneficiary or estate of a retiree.

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:**

1. Recognize the nine employees of the Housing Authority as employees of the Community Development Commission, effective June 30, 2004; and adopt and instruct the Chairman to sign a Resolution authorizing the merger of the California Public Employees' Retirement System (CalPERS) pension plan of the Housing Authority with the CalPERS pension plan of the Community Development Commission, effective July 1, 2004.
2. Instruct the Chairman to sign, upon presentation, a Resolution of Intention and a Final Resolution to merge the CalPERS pension plans of the Commission and Housing Authority, and increase from \$500 to \$5,000 the lump-sum retiree death benefit awarded to the beneficiary or estate of a retiree.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:**

Effective July 1, 2004, CalPERS intends to establish a mandatory risk pool of public agencies with less than 100 members, which would include the Housing Authority. Housing Authority plan assets would be used to fund benefits of other public agencies under this system. The merger of the Housing Authority and Commission plans will secure the existing reserves the Housing Authority has under CalPERS.

The increase in the retiree death benefit from \$500 to \$5,000 will provide adequate financial assistance to the families of deceased retirees and provide a benefit comparable to the County and other public agencies.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. The additional cost to the Commission of providing health and other benefits to the Housing Authority's nine employees and 32 retirees is estimated to be \$19,000 for the 2004 calendar year. Future employee and retiree benefit costs associated with the merger will be based upon health insurance rates, which are determined annually.

The reserves retained by merging the Housing Authority and Commission employees and pension plans will be used to pay the annual CalPERS fees, providing an overall savings of approximately \$1.5 million for Fiscal Year 2004-2005 and \$1.7 million for Fiscal Year 2005-2006.

The estimated annual cost to provide the \$5,000 death benefit is \$48,000.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

In 1982, the Board established the Community Development Commission, which included Housing Authority operations. At that time, employees of the Housing Authority were given the option to convert to Commission employees, or remain Housing Authority employees and retain existing pension benefits. The majority of Housing Authority employees converted to Commission employment, however, a small group of employees elected to retain their status as Housing Authority employees, represented by the American Federation of State, County, and Municipal Employees (AFSCME).

In 1992, the Housing Authority employees decertified the AFSCME and have represented themselves in negotiating compensation terms through a Memorandum of Understanding (MOU), which expired on June 2, 2004. Over the years the Housing Authority employee population has decreased due to attrition or retirement, leaving only nine employees and 32 retirees as of today. With the exception of these nine Housing Authority employees, Commission employees perform all Housing Authority functions.

In March 2004, CalPERS notified the Commission that, as early as July 1, 2004, the Housing Authority's pension plan will be rolled into a risk pool with other CalPERS agencies with less than 100 employees. This is a mandated risk pool with no opportunity to pull out in the future. This move will pool assets and liabilities across employers, meaning the assets of the Housing Authority will subsidize the benefits of all members in the CalPERS risk pool system. As of June 30, 2002, the latest actuarial valuation performed by [MLH1]CalPERS, the Housing Authority pension fund has, as a result of contributions and investment returns since 1962, approximately \$19 million in excess assets that would be used to subsidize other agencies under the risk pool system.

Merging the pension plans of the Housing Authority and Commission will preserve these assets, which will be used to fund the required employer contribution for all Commission employees for several years, subject to investment gains and losses realized by the CalPERS funds, as well as changes in actuarial assumptions.

In order to preserve these assets, the nine remaining Housing Authority employees have voted to convert their employment status from the Housing Authority to the Commission effective June 30, 2004, and will be covered by Commission benefits effective July 1, 2004. Negotiations with the nine Housing Authority employees consisted of providing continuing service credit for prior years of service and comparable health and pension benefits under their current MOU. In addition, the merger process will complete full conversion of the two personnel systems.

The Commission will continue to make a contribution towards the purchase of medical insurance for the 32 retirees. Since the retirees will not remain in the CalPERS medical program, the Commission will secure medical insurance coverage. The Commission will increase the monthly contribution for the purchase of medical insurance to offset any plan changes.

Amending the pension contract by increasing the death benefit from \$500 to \$5,000 takes into consideration the current cost of burial and funeral services. The County has had a similar benefit in place since June 2, 2002.

Merging pension plans and amending the death benefit requires a contract amendment with CalPERS which will take place after the merger of July 1, 2004. Resolutions authorizing the changes will be presented to the Chairman for execution.

This letter has been reviewed by the Chief Administrative Office. The resolutions were prepared by special counsel and have been approved as to form by County Counsel. At its meeting of June 23, 2004, the Housing Commission recommended approval of these actions.

**IMPACT ON CURRENT PROGRAMS:**

The recommended actions will secure the Housing Authority's excess assets in CalPERS and will provide pension plan funding for the Commission.

Respectfully submitted,

CARLOS JACKSON  
Executive Director

Attachments: (2)

**RESOLUTION BY THE BOARD OF COMMISSIONERS  
OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES,  
WHICH PERFORMS THE FUNCTIONS OF THE HOUSING AUTHORITY**

WHEREAS, all current employees of the Housing Authority of the County of Los Angeles (Housing Authority) participate in the California Public Employees' Retirement System (CalPERS) for retirement benefits under contract employer number 0468;

WHEREAS, all current employees of the Community Development Commission of the County of Los Angeles (CDC) participate in CalPERS for retirement benefits under contract employer number 1335;

WHEREAS, the CDC performs the functions of the Housing Authority except as a receptacle for federal funding;

WHEREAS, the functions of the Housing Authority are performed, and have been assumed by, the CDC;

WHEREAS, the same retirement benefits are provided to all current Housing Authority and CDC employees; and

WHEREAS, all current Housing Authority employees shall become CDC employees as of June 30, 2004;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Community Development Commission of the County of Los Angeles, by the vote described below, hereby confirms its determination of the above recitals, and declares that CalPERS retirement contracts for Housing Authority employees (employer number 0468) and CDC employees (employer number 1335) shall be merged into one contract;

BE IT FURTHER RESOLVED, that the two CalPERS retirement contracts shall be merged into one contract effective July 1, 2004.

This resolution was adopted by the Board of Commissioners of the Community Development Commission of the County of Los Angeles, Los Angeles County, California, at a regular meeting of the Board held on the 29th day of June 2004 by the following vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Chairman, Board of Commissioners  
Community Development Commission of the County  
of Los Angeles

Attest:

\_\_\_\_\_  
Clerk, Board of Commissioners  
Housing Authority of the County of Los Angeles

**RESOLUTION BY THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,  
WHOSE FUNCTIONS SHALL BE PERFORMED BY THE COMMUNITY DEVELOPMENT  
COMMISSION OF THE COUNTY OF LOS ANGELES**

WHEREAS, all current employees of the Housing Authority of the County of Los Angeles (Housing Authority) participate in the California Public Employees' Retirement System (CalPERS) for retirement benefits under contract employer number 0468; and

WHEREAS, all current employees of the Community Development Commission of the County of Los Angeles (CDC) participate in CalPERS for retirement benefits under contract employer number 1335; and

WHEREAS, the CDC performs the functions of the Housing Authority except as a receptacle for federal funding;

WHEREAS, the functions of the Housing Authority are performed, and have been assumed by, the CDC;

WHEREAS, the same retirement benefits are provided to all current Housing Authority and CDC employees; and

WHEREAS, all current Housing Authority employees shall become CDC employees as of June 30, 2004;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of the County of Los Angeles, by the vote described below, hereby confirms its determination of the above recitals, and declares that CalPERS retirement contracts for Housing Authority employees (employer number 0468) and CDC employees (employer number 1335) shall be merged into one contract;

BE IT FURTHER RESOLVED, that the two CalPERS retirement contracts shall be merged into one contract effective July 1, 2004.

This resolution was adopted by the Board of Commissioners of the Housing Authority of the County of Los Angeles, Los Angeles County, California, at a regular meeting of the Board held on the 29th day of June 2004 by the following vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Chairman, Board of Commissioners  
Housing Authority of the County of Los Angeles

Attest:

\_\_\_\_\_  
Clerk, Board of Commissioners  
Housing Authority of the County of Los Angeles